UNITED

VENTURE FUND LTD.

4TH ANNUAL REPORT

FOR THE YEAR ENDED
NOVEMBER 30, 1970

UNITED VENTURE FUND LIMITED

TO THE SHAREHOLDERS

November 30, 1970

During the current fiscal year of your Fund, which ended November 30, 1970, the long stock market decline, as measured by the better-known averages, ended in late May. Because of continued bearishness by the investing public in certain segments of the market, many second-tier growth companies and less mature corporations did not reach their lowest prices until later. By then the better-known, blue-chip companies had initiated a rally which lasted until the end of August, followed by a period of consolidation which then turned into another rally just at the fiscal year end.

In accordance with your Fund's stated objectives it had been primarily invested in second-tier, more volatile companies, but by the time the original rally began management had started a program of investing part of the funds generated from previous sales into larger, better-known companies. This investment policy change resulted from the expectation that the blue-chip stocks would lead the market back on the upside, and also because of the uncertainty as to when the interest of investors would return to stocks with greater growth potential in the future but with less certainty about their current earnings during the present business slowdown.

A strong cash position was maintained during the summer months as riskier stocks were replaced by less volatile issues. In the last quarter the cash was reduced substantially as it became more apparent that government fiscal and economic policies were becoming more expansionary.

During the fiscal year the net assets of your Fund declined 34.8%, from $88,757,891 to $57,891,672, and the net asset value per share dropped 30.4%, from $4.96 per share to $3.45. This latter figure represents a gain of 11.3% from the bottom of the speculative market in July when the net asset value per share fell to $3.10.

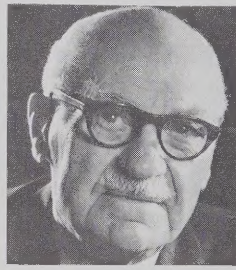
Unfortunately, after the severe market break of last spring redemptions of your Fund were heavy, which meant that a substantial number of our investors were not in a position to share in the recovery that has been attained since. While short term fluctuations in the stock market must be expected from time to time and cannot be avoided, history and particularly the experience since the lows last year illustrates that if investors persist with long term investment programs they are usually much more successful.

Canada has been more successful than the U.S. in controlling the rate of inflation during the last two years, although both governments and their central banks have adopted much the same policies of tight money and fiscal restraint. In recent months there has been a definite easing

of the money supply with, firstly, a sharp drop in short term interest rates, and, recently, a decline in long term interest rates. This should mean a gradual improvement in both economies in 1971, aided by increased consumer spending, a build-up in inventories, greater industrial productivity in housing and other governmental spending on construction. A recovery in earnings by corporations in 1971 should mean a much better performance of well-selected stocks.

On the following pages the management company has some comments on a number of the larger holdings of your Fund. The current breakdown of investments is approximately 20% Canadian and 80% U.S. as the venture-type less-seasoned Canadian companies have suffered substantial declines and have become difficult to trade effectively. However, Canadian situations of good quality are still actively being sought, and when the time is opportune the Canadian content of the portfolio will be increased.

Respectfully submitted,



ALEX. McD. McBAIN,
Chairman of the Board

JOHN M. GODFREY,
President

December 15th, 1970.

Some of the larger and more important holdings of United Venture Fund are variously described below. Most will be held for potential recovery as the economy of North America comes out of the 1969-70 business slowdown, while some may be replaced in the future with other companies if management decides that they have better potential.

Block Bros. – the largest real estate operation in British Columbia, also with branches in Alberta, has been seriously affected this year by labour unrest in British Columbia. In 1971 a more plentiful supply of mortgage money together with fewer strikes should improve real estate sales, and the housing market should continue to expand during future years.

Jim Walter Corp. – a major U.S. producer of partially finished homes and building materials. Rising demand for housing and lower interest rates in the United States should expand the market for their products with commensurate improvement in revenues and profits.

W. R. Grace – a widely diversified operating and holding company with its main activities now concentrated in chemicals and foods. Company in recent years has escaped the financial problems experienced by many of the other larger chemical companies by raising needed funds for capital expenditures through selling off various interests in banking, brewing and shipping. A cyclical upturn in the chemical industry and improving U.S. fertilizer prices should lead to a strong earnings performance in the early 1970's.

Hercules Inc. – a leading producer of a variety of chemicals and plastics with probably the best-known product being polypropylene which has met with great success in the carpet field. One of the few chemical companies with improved earnings in 1970 and expected further improvement in 1971. The company has recently entered the modular housing field. It is expected to be one of the prime beneficiaries of the anticipated upturn in the chemical and textile industries in the early 1970's.

Syntex Corp. – one of the more speculative drug companies, the company is principally engaged in the production and sale of steroid hormones and related research. Major products of the company are Synolar, for treatment of skin disorders, and Norinyl, an oral contraceptive. Expansion and concentration of research in areas such as reproduction physiology, skin biology and problems of aging provide interesting long term potential.

Crush International – regarded as one of the better growth companies in Canada, is a major manufacturer of concentrates for various soft drinks for sale to franchised bottlers in Canada, the U.S., and some 50 other countries. The earnings growth rate of better than 15% per annum experienced over the past four years is expected to continue.

Denny's Restaurants Inc. – Owners and franchisers of a chain of restaurants from California to the midwestern United States. Growth in earnings up to and including the last fiscal year ended June 30, 1970, has been excellent, but the stock price has suffered because of the surfeit of franchise companies which came on the market in the last few years, many of which have since failed, thus putting a stigma on the whole industry.

Rank Organization – the United Kingdom's leading motion picture enterprise, has experienced rapid growth in recent years through its joint ownership of Rank Xerox with Xerox Corporation, the leading U.S.

copying machine company. Rank Xerox accounted for more than 75% of net profits in fiscal 1970 and is expected to be the main impetus to earnings growth in excess of 20% over the next few years.

Xerox Corp. – the leading manufacturer and marketer of products for xerographic and photocopy reproduction. Expanding applications for its copying products and services have led to rapidly growing sales and earnings for several years and this is expected to continue although probably at a reduced rate from previous years. A relatively recent acquisition has put the company into the computer field which could prove promising for the future.

AMF Inc. – a diversified company with 44% of its revenues last year coming from recreational products and another 37% from industrial products. During the 1970's the leisure time market is expected to show good growth, and the company also has technical capabilities in the pollution control field.

Daylin Inc. – a moderately sized drug chain operating in the midwest and southwestern United States, has had a very good growth rate along with its expansion in the last few years, and is priced at a much more reasonable level than competing chains with less promising records.

Beneficial Corp. – the second largest small loan company in North America, with 1,800 offices in 49 states, all ten Canadian provinces, Puerto Rico, England and Australia. Through ownership of Western Auto Supply and Spiegel, Inc., the third largest mail order firm in the U.S., the company also has an important stake in the merchandising field.

Dome Petroleum – a crude oil and natural gas producer and distributor in western Canada and the United States. An aggressive exploration company, it offers the shareholder substantial representation in every major exploratory oil basin in Canada.

Halliburton Co. – a worldwide construction and engineering firm and a supplier of specialized services connected with oil well drilling and maintenance. Record backlogs in the construction division and favourable prospects for increasing oil production and drilling should return the company to its previous trend of rising revenues and profits in 1971 and 1972.

Collins & Aikman – a leading United States producer of a diversified line of specialized textile products. The company has consistently demonstrated superior performance in its industry and should perform strongly in the current cyclical upturn in the textile industry.

These stocks represent a good cross-section of Canadian and United States Industry coming within the investment policy of this Fund to invest in shares of companies which appear to have exceptional possibilities for appreciation. It must be understood by investors that accompanying the opportunity for substantial gain there is the risk of decline. This latter situation was illustrated very graphically during the period March 26 to May 30, when the market value of your Fund declined by 23.3% from $4.42 per share to $3.39, eventually reaching a low point of $3.10 per share on July 7. Since that time, through a combination of factors, market growth, and changes in the portfolio until the fiscal year end, a recovery to $3.45 had been achieved. At this time of writing, the value is continuing upward as the Fund begins to realize its capital appreciation potential under more favourable market conditions.

AUDITORS' REPORT

To the Shareholders of United Venture Fund Ltd.

We have examined the following financial statements of United Venture Fund Ltd.:

At November 30, 1970 —
- Assets and liabilities
- Capital shares and surplus
- Investment portfolio

For the year ended November 30, 1970 —
- Income and expense
- Changes in net assets

For the four years ended November 30, 1970 —
- Per-share income and capital changes

Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. Securities owned at November 30, 1970, were verified by confirmation received directly either from the custodian or from brokers in respect of securities purchased but not received

In our opinion, these financial statements present fairly the financial position and investment portfolio of the company as at November 30, 1970, the results of its operations for the year then ended and the per-share income and capital changes for the four years then ended in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated.

Toronto, Canada,
December 11, 1970.

CLARKSON, GORDON & CO.
Chartered Accountants

UNITED VENTURE FUND LTD.

INVESTMENT PORTFOLIO

November 30, 1970

Number of Shares or Par Value		Market Value	Percent of Net Assets
	COMMON SHARES AND THEIR EQUIVALENT: 90.21%		
	Air Transportation: 3.93%		
58,100	American Airlines	$1,168,811	2.02%
60,000	Northwest Airlines	1,107,721	1.91
		2,276,532	3.93
	Building & Real Estate: 6.40%		
366,700	Block Bros.	1,228,445	2.12
55,000	Jim Walter	1,785,722	3.08
22,000	U.S. Financial (a)	691,880	1.20
		3,706,047	6.40
	Chemicals: 5.16%		
30,000	W. R. Grace	886,177	1.53
17,800	Hercules Inc.	759,234	1.31
21,000	Monsanto Co.	684,495	1.18
55,000	Surpass Chemicals	89,375	.15
15,500	Union Carbide	572,322	.99
		2,991,603	5.16
	Communications: .86%		
100,000	Bushnell Communications (a)	500,000	.86
	Consumer Goods: 10.78%		
13,400	Clorox Company	455,541	.79
342,000	Crush International	4,788,000	8.28
$555,000†	Philip Morris Inc. 6%, 1994* (a)	994,962	1.71
		6,238,503	10.78
	Diversified Companies: 3.33%		
40,000	Borg-Warner	1,059,338	1.83
40,000	General Bahamian Companies (a) (b)	442,000	.76
B $500,000	General Bahamian Companies, Debenture, 8%, 1984* (a) (b)	427,500	.74
		1,928,838	3.33

Number of Shares or Par Value		Market Value	Percent of Net Assets
	Drugs & Cosmetics: 3.50%		
2,700	G. D. Searle	$138,541	.24%
50,000	Syntex Corporation	1,890,765	3.26
		2,029,306	3.50
	Electronics & Optical: 1.80%		
48,400	Photon Inc. (a)	406,725	.70
51,000	Yates Industries	636,366	1.10
		1,043,091	1.80
	Engineering Products: .80%		
$1,500,000†	Pennsylvania Engineering, Debenture, 5½%, 1993* (a) (b)	460,659	.80
	Financial: 4.19%		
25,000	Beneficial Corp.	1,292,341	2.23
4,500	La Banque Provinciale du Canada	45,000	.08
35,000	USLife Corp.	1,087,349	1.88
		2,424,690	4 19
	Hotels & Restaurants: 1.94%		
115,500	Denny's Restaurants	1,014,710	1.75
50,000	Longchamps Inc. (a) (b)	112,045	.19
40,000	Longchamps Inc., Option (a) (b)	408	.00
		1,127,163	1.94
	Information Processing: 4.98%		
20,000	Computing & Software	636,621	1.10
3,000	Electronic Data (a)	184,875	.32
50,000	Rank Organisation "A"	743,750	1.28
15,000	Rank Organisation "A" ADR	223,125	.39
12,000	Xerox Corporation	1,092,442	1.89
		2,880,813	4.98

Number of Shares or Par Value		Market Value	Percent of Net Assets
	Leisure: 3.81%		
52,000	AMF Inc.	$1,344,034	2.32%
10,300	Brunswick Corp.	184,913	.32
52,200	Leisure Group (a)-(b)	677,925	1.17
		2,206,872	3.81
	Merchandising: 8.51%		
139,500	Daylin Inc.	2,273,501	3.93
75,000	Fields Stores	562,500	.97
45,000	Grand Union	1,123,000	1.94
30,000	Safeway Stores	966,391	1.67
		4,925,392	8.51
	Metals & Mining: 2.01%		
15,300	Joy Manufacturing	720,782	1.25
68,500	Lornex Mining	439,770	.76
		1,160,552	2.01
	Oil & Gas: 19.71%		
40,000	Amerada Hess	1,813,097	3.13
65,000	Canadian Industrial Gas & Oil	771,875	1.33
26,500	Canadian Industrial Gas & Oil, 5½%, Preferred*	761,875	1.32
18,200	Dome Petroleum	1,445,995	2.50
45,000	Halliburton Co.	2,154,326	3.72
70,000	Occidental Petroleum	1,399,293	2.42
41,000	Pacific Petroleums	1,226,769	2.12
60,000	Phillips Petroleum	1,833,469	3.17
		11,406,699	19.71
	Textiles & Apparel: 3.50%		
30,000	Bobbie Brooks	397,251	.69
27,100	Collins & Aikman	921,280	1.59
13,100	Jonathan Logan	703,874	1.22
		2,022,405	3.50

Number of Shares or Par Value		Market Value	Percent of Net Assets
	Miscellaneous: 5.00%		
41,500	Beverly Enterprises	$401,580	.69%
240,000	Finsider, Warrants (a)	2,445	.00
8,600	General Electric	774,157	1.34
30,700	General Tire	609,781	1.05
18,900	Texas Utilities	1,114,176	1.92
		2,902,139	5.00

TOTAL INVESTMENT PORTFOLIO	**$52,231,304**	**90.21%**

SUMMARY:		
Investment Portfolio as above	$52,231,304	90.21%
Bank Certificates of Deposit	1,667,438	2.89
Other Assets (Liabilities) Net	3,992,930	6.90
Net Assets	$57,891,672	100.00%

†U.S. DOLLARS

*Convertible into common stock

NOTES

(a) Securities for which the market value is based on over-the-counter prices. The market value for all other securities set forth above is based on the closing price on November 30, 1970, reported by the principal security exchange on which the issue is traded or, if there was no sale during that day at the average of the closing bid and asked prices.

b) Securities for which the market prices determined as stated in (a) above have been discounted to reflect the temporary restrictions that would apply on their sale.

See accompanying notes

UNITED VENTURE FUND LTD. *(Incorporated under the laws of Canada)*

ASSETS AND LIABILITIES

November 30, 1970

ASSETS:		
Investment portfolio at market value (average cost $61,863,972)		$52,231,304
Bank certificates of deposit (Note 5)		1,667,438
Cash		3,340,280
Accounts receivable:		
Investment securities sold	3,038,184	
Shares sold	129,324	3,167,508
Dividends and accrued interest receivable		184,814
		60,591,344
LIABILITIES:		
Accounts payable:		
Investment securities purchased	2,421,265	
Shares redeemed	40,132	
Other	34,980	
Income taxes payable	203,295	2,699,672
Net assets applicable to 16,780,309 mutual fund shares outstanding equivalent to $3.45 per share		$57,891,672

CAPITAL SHARES AND SURPLUS

November 30, 1970

CAPITAL SHARES (Note 2):		
Authorized –		
1,000 common shares of the par value of $1.00 each		
45,000,000 mutual fund shares (less 8,685,240 shares redeemed and cancelled) of $1.00 par value each		
Outstanding –		
16,780,309 mutual fund shares		$16,780,309
SURPLUS:		
Paid-in surplus	78,418,524	
Undistributed net income	1,084,893	
Accumulated realized loss on sale of investments	(28,759,386)	50,744,031
Total capital shares and surplus		67,524,340
Unrealized depreciation of investments		(9,632,668)
		$57,891,672

On behalf of the Board: Alex. McD. McBain, Director

J. B. Prendergast, Director

See accompanying notes

UNITED VENTURE FUND LTD.

STATEMENT OF INCOME AND EXPENSE

for the year ended November 30, 1970

INCOME:	
Dividends	$ 512,280
Interest	2,268,042
	2,780,322
EXPENSE:	
Management fees (note 3)	640,195
Net income before taxes	2,140,127
Income taxes	1,063,000
Net income	$1,077,127

STATEMENT OF PER-SHARE INCOME AND CAPITAL CHANGES

(for a share outstanding throughout the year) for the four years ended November 30, 1970

		INCOME					CAPITAL	
Year ended Nov. 30	Net asset value at beginning of year	Dividends and interest from investments	Management fee	Income taxes	Net income	Dividends paid	Net realized and unrealized gain (loss) on investments	Net asset value at end of year
1967*	$2.30**	$.02	$.02	$.00	$.00	$.00	$1.96	$4.26
1968	4.26	.05	.03	.01	.01	.00	2.22	6.49
1969	6.49	.15	.05	.05	.05	.01	(1.57)	4.96
1970	4.96	.16	.04	.06	.06	.05	(1.52)	3.45

*The fund was incorporated on November 14, 1966 but did not commence operations until December 30, 1966. Shares of the fund were first offered for sale to the public on January 9, 1968.

**Initial issue price per share.

See accompanying notes

UNITED VENTURE FUND LTD.

STATEMENT OF CHANGES IN NET ASSETS

for the year ended November 30, 1970

Net assets November 30, 1969, represented by the following capital and surplus accounts:			
Mutual fund shares		17,890,432	
Paid-in surplus		81,754,779	
Undistributed net income		886,493	
Accumulated realized loss on sale of investments		(12,904,071)	
Unrealized appreciation of investments		1,130,258	$88,757,891
Changes during the year:			
Income –			
Net income for the year		1,077,127	
Less dividend paid of 5¢ per share on 17,574,487 shares outstanding at January 15, 1970		878,727	198,400
Capital –			
Receipts and payments on account of share capital (Note 2) –			
For 1,401,636 shares issued	5,612,254		
For 2,511,759 shares redeemed	10,058,632	(4,446,378)	
Realized loss on sale of investments –			
Proceeds from sales, including foreign exchange adjustments (excluding short term commercial note redemptions of $30,825,337)	40,990,179		
Aggregate cost	56,845,494	(15,855,315)	
Decrease in unrealized appreciation of investments		(10,762,926)	(31,064,619)
Net assets November 30, 1970, represented by the following capital and surplus accounts:			
Mutual fund shares		16,780,309	
Paid-in surplus		78,418,524	
Undistributed net income		1,084,893	
Accumulated realized loss on sale of investments		(28,759,386)	
Unrealized depreciation of investments		(9,632,668)	$57,891,672

Supplementary information (Note 5):

Cost of investment portfolio as at –	Shares and Debentures	Short Term Commercial Notes	Total
November 30, 1969	$59,244,258	$ 7,943,217	$67,187,475
November 30, 1970	61,863,972	—	61,863,972
Investments purchased during the year	59,465,208	22,882,120	82,347,328

See accompanying notes

UNITED VENTURE FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

November 30, 1970

1. Foreign currency amounts included in the financial statements have been expressed in Canadian dollars on the following bases:

   (a) Market value of investment securities, other assets and liabilities – at the rate of exchange at November 30, 1970.

   (b) Purchases and sales of investment securities, income and expenses – at the approximate rate of exchange prevailing on the respective dates of such transactions.

2. The issue price of each mutual fund share of the company is an amount equal to the aggregate of the net asset value of each share outstanding at the date of issue (received by the company) and the distributor's commission (retained by the distributor). During the year ended November 30, 1970, 1,401,636 shares were issued for cash aggregating $5,612,254 (exclusive of the distributor's commission) of which $1,401,636 equivalent to the par value of the shares sold, was allocated to share capital and the balance, $4,210,618 to paid-in surplus. The mutual fund shares of the company are redeemable at the option of the holder at their net asset value. During the year, the company redeemed 2,511,759 shares for an aggregate amount of $10,058,632 of which $2,511,759, equivalent to the par value of the shares redeemed, was allocated to share capital and the balance, $7,546,873 to paid-in surplus.

3. Management fees payable to United Funds Management Ltd. (UFM) have been computed on the basis of 1% per annum of the average daily net assets, less an aggregate amount for the year of $26,000 determined according to a formula based on the net income of Toronto Securities Company, a partnership of which UFM is the limited partner. For these fees UFM supervises, manages and directs the investment of the assets of the Fund and recommends the securities to be purchased or sold. UFM also pays all expenses of the Fund incurred in the ordinary course of business relating to its organization, management and operation with the exception of the commissions and brokerage fees on the purchase and on the sale of securities in the portfolio and taxes of all kinds to which the fund is or might be subject.

4. The financial statements do not include comparative figures for the year ended November 30, 1969, as it is the company's view that incorrect conclusions might be drawn from comparative figures due to continuous issuing of additional shares. It is the company's opinion that the statement of per-share income and capital changes provides a more informative measure of the company's progress over a longer period of time as it relates to the individual shareholder.

5. In 1970, bank certificates of deposit have been classified separately in the financial statements and have not, as in previous years, been included as short term notes in the investment portfolio and throughout the financial statements.

6. The investment securities are stated at market value at November 30, 1970, to facilitate the computation of net asset value and net asset value per share on a market value basis at that date. In the accounts of the company, however, investment securities are stated at cost and not adjusted for fluctuations in market value.

UNITED VENTURE FUND LTD. 85 Richmond Street West, Toronto 110, Ontario

BOARD OF DIRECTORS

If you receive an extra copy of this Report, would you please pass it on to someone you know who might be interested in this Fund? The cost of completely preventing duplicate mailings to those with two or more accounts would far exceed the cost of printing and mailing extra copies.

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